

## ALLOWABLE AND UNALLOWABLE COSTS – TIP SHEET

CIRCULAR A-87 COST PRINCIPLES (Compiled by M. Farrell, Senior Program Officer, IMLS 09/07)

This chart is only meant to provide a quick overview of allowable costs. **When deciding whether a cost is allowable, please refer to [Circular A-87](#) for full legal details.**

Generally Allowed Costs	Generally Unallowable Costs
Advertising & public relations* <sup>1</sup>	Alcoholic beverages <sup>3</sup>
Advisory councils <sup>2</sup>	Bad debts* <sup>5</sup>
Audit costs and related services <sup>4</sup>	Contingency provisions <sup>9</sup>
Bonding costs <sup>6</sup>	Donations and contributions <sup>12</sup>
Communication costs <sup>7</sup>	Entertainment costs <sup>14</sup>
Compensation for personnel services* <sup>8</sup>	Fines and penalties* <sup>16</sup>
Depreciation and use allowances* <sup>11</sup>	Fund raising and investment management costs* <sup>17</sup>
Employee morale, health, and welfare costs <sup>13</sup>	Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of federal programs <sup>18</sup>
Equipment and other capital expenditures <sup>15</sup>	General government expenses* <sup>19</sup>
Insurance and indemnification* <sup>22</sup>	Goods or services for personal use
Maintenance, operations, and repairs* <sup>25</sup>	Idle facilities and idle capacity* <sup>21</sup>
Materials and supplies <sup>26</sup>	Interest* <sup>23</sup>
Meetings and conferences <sup>27</sup>	Lobbying <sup>24</sup>
Memberships, subscriptions, and professional activity costs* <sup>28</sup>	Professional service costs* <sup>32</sup>
Patent costs* <sup>29</sup>	Selling and marketing* <sup>39</sup>
Pre-award costs* <sup>31</sup>	<p>Asterisks (*) indicate there are exceptions to the rule. The numbers are those assigned to the topic in Circular A-87.</p>
Proposal costs <sup>33</sup>	
Publication and printing costs <sup>34</sup>	
Rearrangements and alternations* <sup>35</sup>	
Reconversion costs <sup>36</sup>	
Rental costs of building and equipment* <sup>37</sup>	
Taxes* <sup>40</sup>	
Training <sup>42</sup>	
Travel costs* <sup>43</sup>	
Plant and homeland security costs* <sup>30</sup>	
Royalties and other costs for the use of patents* <sup>38</sup>	
Termination costs applicable to sponsored agreements* <sup>41</sup>	